|  |  |  |
| --- | --- | --- |
| PUC logo | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSIONP.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE** |

June 12, 2017

Docket No. A-2017-2605434

Utility Code 230240

THOMAS T NIESEN ESQUIRE

THOMAS NIESEN & THOMAS LLC

212 LOCUST STREET SUITE 600

HARRISBURG PA 17101

RE: Application of Aqua Pennsylvania Wastewater, Inc. for Approval to Acquire the Wastewater System Assets of Limerick Township at Docket No. A-2017-2605434

Dear Attorney Niesen,

On May 31, 2017, Aqua Pennsylvania Wastewater, Inc. (Aqua-WD) submitted an application for approval to acquire the wastewater system assets of Limerick Township located within portions of Limerick Township and the Borough of Royersford, Montgomery County, Pennsylvania. In order for the Commission to complete our analysis of the filing, the Water/Wastewater Division requires responses to the attached data requests.

Please be advised that you are directed to forward the requested information to the Commission **within 10 working days** of receipt of this letter. Failure to respond may result in the filing being denied. If the Company decides to withdraw its filing, please send a reply notifying the Commission of such a decision

Please send all responses to the Secretary of the Commission at the following address:

|  |
| --- |
| Secretary, Pennsylvania Public Utility Commission |
| 400 North Street, 2nd Floor |
| Harrisburg, Pennsylvania 17120 |

All documents requiring notary stamps must have original signatures. Some responses may be e-filed at [www.puc.pa.gov/efiling/default.aspx](http://www.puc.pa.gov/efiling/default.aspx). A list of allowable e-filing document types is available at [www.puc.pa.gov/efiling/DocTypes.aspx](http://www.puc.pa.gov/efiling/DocTypes.aspx).

**Please note that your answers must be verified per 52 Pa Code § 1.36.** Accordingly, you must provide the following statement with your responses:

*I, \_*[print name of appropriate company representative] *, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter.  I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).*

Signature \_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_

Please contact the below staff person if any problems should arise that prevents a full response within ten working days or if any clarification of these data requests is needed. Please mark the materials “CONFIDENTIAL” in bold or highlighted manner if any of the requested information is deemed to be of a confidential nature.

In addition, to expedite completion of the filing, please send a copy of the information to Jordan Van Order via e-mail at jvanorder@pa.gov or fax at (717) 787-4750 as well as to the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission’s Bureau of Investigation and Enforcement. Please also direct any questions to Jordan Van Order, in the Bureau of Technical Utility Services, Water/Wastewater Division at telephone number (717) 787-8763. Thank you in advance for your cooperation.

 Sincerely,

 Rosemary Chiavetta

 Secretary

Enclosure

cc: Tanya McCloskey, OCA (w/enclosure)

John Evans, OSBA (w/enclosure)

Richard Kanaskie, PUC BI&E (w/enclosure)

Note: Please restate the data request prior to providing a response. In addition, provide the name and title of the person(s) providing the response and/or information for each data request.

1. The Application identifies 750 feet of wastewater pipe to be acquired in the northeast corner of Royersford Borough. Please state the pipe size, material type, and whether it is gravity-flow pipe or force main.
2. Please separately quantify the total lengths of gravity-flow pipe and force main, and the total manhole count for each of Limerick Township’s (Limerick’s) two wastewater systems.
3. The total number of pump stations which Aqua-WD will acquire from Limerick is unclear in the Application. Please clarify the total number of pump stations to be acquired from Limerick as well as separately identify and list the stations that exist and those that are proposed.
4. The Application’s Exhibit A map identifies a proposed pump station near the requested territory’s boundary Line Segment 53 which does not appear to be listed in the Exhibit W “Engineer’s Assessment of Tangible Property”. Please describe the proposed pump station and identify the pump station’s estimated construction cost and date of construction completion.
5. Please describe the maintenance obligations related to grinder pumps on private properties for which Aqua-WD will liable per Section 2.04(a)(v) of the Application’s Asset Purchase Agreement (APA).
6. Please state whether each of the Pending Development Plans (PDP) identified in Schedule 4.19 of the Application’s APA have Act 537 Official Sewage Facilities Planning approval from the Department of Environmental Protection (DEP).
7. Please quantify how the payment of $400,000 identified in Section 7.10 of the Application’s APA was calculated and provide any supporting documentation justifying the payment amount.
8. Please provide a map identifying the PDP locations identified in Schedule 4.19 of the Application’s APA.
9. Schedules 2.02(i) and 4.10 of the Application’s APA state “(see also notations to asset list in data room)”. Please clarify this statement and provide a copy of the referenced notations.
10. Please quantify in acres the real property listed in Schedule 4.09 of the Application’s APA.
11. Section 7.10(b) of the Application’s APA details potential EDU Fee Cash receipts. Please quantify the outstanding EDU Fee Cash from each respective source. Also, quantify the total amount of EDU Fee Cash Aqua-WD expects to receive from the collective sources and provide calculations or documentation supporting the amounts.
12. Aqua-WD’s current effective tariff specifies four classes of general metered service: residential, commercial, industrial, and public while Exhibit D from the Application’s Exhibit U “Testimony of William C. Packer” indicates Limerick Township classified customers as Residential, Commercial, Apartment, School, Church, or Public. Please explain how Aqua-WD reclassified Limerick customers in compliance with its current effective tariff and quantify the number of Limerick customers to be assigned to each respective class.
13. Please explain why Herbert, Rowland & Grubic, Inc. (HRG) HRG used six percent as the state tax rate in Schedule F of the Application’s Exhibit R “Fair Market Value - Appraisal Herbert, Rowland & Grubic, Inc.”
14. Please explain why HRG used an estimated number of customers Limerick will have in the year 2036 to determine the current estimated market value in Schedule D of the Application’s Exhibit R “Fair Market Value - Appraisal Herbert, Rowland & Grubic, Inc.” Also, please explain why the customer counts and purchase prices in the comparison of other wastewater system acquisitions were not adjusted to the respective 2036 values.
15. Please separately explain why HRG did not include property taxes, regulatory assessments, and bad debt expenses in their income valuation.
16. Please identify if all purchased property is exempt from the public utility realty tax. If any property is not exempt, please estimate the annual public utility realty tax expense.
17. Please quantify how the 1.20% regulatory assessments expense located in Exhibits C and D of the Application’s Exhibit U “Testimony of William C. Packer” was calculated.
18. Please quantify how the 0.50% bad debt expense located in Exhibits C and D of the of the Application’s Exhibit U “Testimony of William C. Packer” was calculated. Also, please provide a calculation of Aqua-WD’s bad debt expense relative to operating revenue for each of the last three years.